

# Industrial Commission

Analyst: Bybee

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2008 Total App</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Approp</b>	<b>FY 2010 Request</b>	<b>FY 2010 Gov Rec</b>
<b>BY PROGRAM</b>					
Compensation	5,132,200	4,530,300	5,634,800	5,811,500	5,649,800
Rehabilitation	3,641,800	3,253,500	3,837,400	3,940,200	3,803,400
Crime Victims Compensation	4,049,500	3,947,800	4,330,400	5,968,000	5,932,500
Adjudication	2,077,300	1,792,900	2,255,000	2,332,800	2,261,500
<b>Total:</b>	<b>14,900,800</b>	<b>13,524,500</b>	<b>16,057,600</b>	<b>18,052,500</b>	<b>17,647,200</b>
<b>BY FUND CATEGORY</b>					
Dedicated	14,050,200	12,675,300	15,173,200	16,848,400	16,443,200
Federal	850,600	849,200	884,400	1,204,100	1,204,000
<b>Total:</b>	<b>14,900,800</b>	<b>13,524,500</b>	<b>16,057,600</b>	<b>18,052,500</b>	<b>17,647,200</b>
Percent Change:		(9.2%)	18.7%	12.4%	9.9%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	7,730,100	7,354,700	8,354,900	8,675,500	8,333,700
Operating Expenditures	2,762,400	1,815,500	2,900,300	3,026,200	2,967,500
Capital Outlay	121,200	211,500	227,900	171,000	166,200
Trustee/Benefit	4,287,100	4,142,800	4,574,500	6,179,800	6,179,800
<b>Total:</b>	<b>14,900,800</b>	<b>13,524,500</b>	<b>16,057,600</b>	<b>18,052,500</b>	<b>17,647,200</b>
Full-Time Positions (FTP)	139.50	139.50	141.50	141.50	141.50

## Department Description

The Industrial Commission was established in 1918 to ensure that Idaho's Workers' Compensation Law is impartially and efficiently administered. The commission encourages safe working environments, prompt and accurate benefit payments, timely dispute resolution, and quality vocational rehabilitation services. The commission maintains files of all industrial accidents and illnesses and keeps records of employers and their workers' compensation insurance companies.

The COMPENSATION PROGRAM includes benefits administration, employer compliance, fiscal, information systems, and the human resources section. Responsibilities of the Compensation Program include evaluating insurance carriers and employers wishing to become self-insured; enforcing the coverage requirements; and monitoring benefit payments. This program also funds the Logging Safety and Industrial Safety Programs at the Division of Building Safety. The Logging Safety Program seeks to improve safety in logging operations across the state. Industrial Safety provides inspections of state, school district, county and city facilities to ensure safe working conditions.

The REHABILITATION PROGRAM is a neutral party that supports a worker's medical recovery and assists in reducing their period of temporary disability resulting from an industrial injury. This program facilitates returning the worker to gainful employment at as close as possible to their pre-injury status and wage. The Rehabilitation Program is concerned with both physical and vocational rehabilitation with special emphasis on job placement. Consultants serve injured workers from eleven field offices across the state.

The CRIME VICTIMS COMPENSATION PROGRAM was established in 1986 to help offset the out-of pocket expenses incurred by innocent victims of crime. Benefits are paid only for costs such as medical and mental health care, lost wages, loss of support, and funeral expenses up to a maximum of \$25,000 per victim per crime. Property damages are not eligible. Funds are generated by surcharges on convictions or pleadings of guilt. Certain restitution and prison payment programs are also directed to the fund.

The ADJUDICATION PROGRAM consists of three commissioners appointed by the Governor who sit as a judicial body to hear and adjudicate disputes between injured workers and employers, provide judicial review of unemployment appeals from the Department of Labor, and render decisions on medical fee disputes. The commission also provides a mediation process that is available at any stage of the claim to assist parties in reaching a successful resolution of a dispute.

## Agency Profile

## Sources of Funds

	FY 2007	FY 2008	FY 2009*	FY 2010*
<b>1. Industrial Administration Fund (0300-00):</b> Derived from 2.5% tax on workers' compensation insurance policy premiums from every surety and self-insurer and other miscellaneous fees. Used to fund the Compensation, Rehabilitation, and Adjudication programs. Also used for Industrial Safety and Logging programs in the Division of Building Safety.				
Revenues and Transfers in**	\$13,993,900	\$13,664,400	\$13,885,700	\$13,527,600
Expenditures and Encumbrances	(\$13,738,100)	(\$10,136,800)	(\$12,494,800)	(\$13,284,800)
Free Fund Balance	\$255,800	\$3,527,600	\$1,390,900	\$242,800
<b>2. Crime Victims Compensation (0313-00):</b> All persons convicted of misdemeanors or felonies pay a fine of \$25 for misdemeanors, \$50 for felonies, and an additional \$200 for any sex offense. These moneys are transmitted by the counties to the State Treasurer for deposit in this fund and are used to compensate victims of crime or their dependents for medical, mental health counseling, lost wages and burial (if applicable) expenses incurred directly as a result of being victimized. Maximum amount of \$25,000 per victim per crime.				
Revenues and Transfers	\$5,433,700	\$4,818,900	\$4,207,600	\$2,842,000
Expenditures and Encumbrances	(\$3,070,200)	(\$3,103,800)	(\$3,901,100)	(\$4,769,200)
Free Fund Balance	\$2,363,500	\$1,715,100	\$306,500	(\$1,927,200)
<b>3. Federal Grant (0348-00):</b> Crime victim funds from the Department of Justice and Census of Fatal Injuries funds from U.S. Department of Labor, Bureau of Labor Statistics				
Revenues and Transfers	\$1,108,600	\$882,600	\$976,400	\$1,295,500
Expenditures and Encumbrances	(\$849,000)	(\$849,300)	(\$934,400)	(\$1,204,100)
Free Fund Balance	\$259,600	\$33,300	\$42,000	\$91,400
<b>4. Miscellaneous Revenue (0349-00):</b> Seminar receipts for commission-sponsored workers' compensation seminars. Pays for the cost of conducting seminars and certification programs.				
Revenues and Transfers	\$73,100	\$79,600	\$83,000	\$80,000
Expenditures and Encumbrances	(\$25,500)	(\$29,400)	(\$35,500)	(\$36,600)
Free Fund Balance	\$47,600	\$50,200	\$47,500	\$43,400
<b>5. Police and Detention Officer Disability Fund (0312-00):</b> This new fund was created in the 2007 Legislative Session by S1123. Its purpose is to provide a full salary to employees in certain dangerous occupations (police and detention officers) who have been injured on the job. The fund is generated by an additional fine of \$3.00 imposed on persons found guilty of criminal activity, as well as any other source of moneys including appropriations, gifts, grants, and donations. The fund is subject to appropriation.				
Revenues and Transfers	\$0	\$109,200	\$229,200	\$177,400
Expenditures and Encumbrances	\$0	\$0	(\$191,800)	(\$188,100)
Free Fund Balance	\$0	\$109,200	\$37,400	(\$10,700)
<b>Total FY 2010 Estimated Expenditures:</b>				<b>\$19,482,800</b>

\* Estimated expenditures and transfers in and out.

\*\*Reflects transfers out for Treasurer's Investment Purchased.

# Industrial Commission

## Agency Profile

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### Selected Measures

CASE MANAGEMENT/SERVICES PROVIDED	FY 2005	FY 2006	FY 2007	FY 2008
<b>COMPENSATION PROGRAM</b>				
Workers' Compensation Claims Filed	42,344	44,622	44,322	42,457
Medical Only	35,796	38,039	37,414	38,410
Time-Loss	6,501	6,520	6,872	4,024
Fatalities	47	36	36	23
Cases Referred to Investigator	6,435	6,804	7,711	9,053
Cases Brought Into Compliance	2,667	2,601	2,233	2,630
<b>REHABILITATION PROGRAM</b>				
Cases Rehabilitated (Workers Returned to Work)	1,439	1,480	1,617	1,478
<b>CRIME VICTIMS COMPENSATION</b>				
Crime Victims Claims Filed	1,912	2,000	2,420	2,405
Decisions Made	1,389	1,867	2,321	2,208
Awards	1,096	1,427	1,697	1,636
Denials	293	440	623	572
Crime Victims Compensation Paid	\$2.24M	\$2.35M	\$3.18M	\$3.18M
<b>ADJUDICATION</b>				
Workers' Compensation Complaints Filed	1,248	1,112	995	1,175
Workers' Compensation Hearings Held	113	120	117	102
Mediations Held*	486	425	442	645
Successful Mediations*	851	830	811	719
Unemployment Decisions Issued (Including Reconsiderations)	668	578	472	470
*Each "mediation held" can include more than one claim. "Successful mediations" are counted by claim, so the number of successful mediations generally exceeds the number of mediations held.				

Appropriation / Request	FY 2008	FY 2009	FY 2010	%Change
1. Industrial Administration Fund (0330)	10,810,700	11,494,800	11,854,500	3.13%
2. Crime Victims Compensation (0313)	3,204,000	3,451,100	4,769,200	38.19%
3. Miscellaneous Revenue (0349)	35,500	35,500	36,600	3.10%
4. Federal Grant (0348)	850,600	884,400	1,204,100	36.15%
5. Police and Dentention Officer (0312)		191,800	188,100	-1.93%
<b>Total Request FY 2010:</b>			<b>18,052,500</b>	<b>11.05%</b>

# Industrial Commission

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## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2009 Original Appropriation</b>	<b>141.50</b>	<b>0</b>	<b>16,057,600</b>	<b>141.50</b>	<b>0</b>	<b>16,057,600</b>
1. Payments for Crime Victims	0.00	0	500,000	0.00	0	500,000
Health Insurance Reduction	0.00	0	0	0.00	0	(70,800)
<b>FY 2009 Total Appropriation</b>	<b>141.50</b>	<b>0</b>	<b>16,557,600</b>	<b>141.50</b>	<b>0</b>	<b>16,486,800</b>
Noncognizable Funds and Transfers	0.00	0	0	0.00	0	0
<b>FY 2009 Estimated Expenditures</b>	<b>141.50</b>	<b>0</b>	<b>16,557,600</b>	<b>141.50</b>	<b>0</b>	<b>16,486,800</b>
Removal of One-Time Expenditures	0.00	0	(227,900)	0.00	0	(227,900)
<b>FY 2010 Base</b>	<b>141.50</b>	<b>0</b>	<b>16,329,700</b>	<b>141.50</b>	<b>0</b>	<b>16,258,900</b>
Benefit Costs	0.00	0	120,400	0.00	0	49,600
Inflationary Adjustments	0.00	0	1,179,600	0.00	0	1,120,900
Replacement Items	0.00	0	153,000	0.00	0	148,200
Statewide Cost Allocation	0.00	0	51,600	0.00	0	51,600
Change in Employee Compensation	0.00	0	200,200	0.00	0	0
<b>FY 2010 Program Maintenance</b>	<b>141.50</b>	<b>0</b>	<b>18,034,500</b>	<b>141.50</b>	<b>0</b>	<b>17,629,200</b>
1. Video Conference System	0.00	0	18,000	0.00	0	18,000
<b>FY 2010 Total</b>	<b>141.50</b>	<b>0</b>	<b>18,052,500</b>	<b>141.50</b>	<b>0</b>	<b>17,647,200</b>
Change from Original Appropriation	0.00	0	1,994,900	0.00	0	1,589,600
% Change from Original Appropriation			12.4%			9.9%

# Industrial Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2009 Original Appropriation</b>	141.50	0	15,173,200	884,400	16,057,600

## 1. Payments for Crime Victims

## Crime Victims Compensation

Fiscal years 2007 and 2008 saw significant increases in payments made on behalf of eligible crime victims. Medical expenses incurred by eligible victims grew by 45% for FY 2007 and 16% for FY 2008 which significantly outpaced the program's annual medical inflation adjustment of 6%. This increase was approximately \$1.26 million over a two-year period. The program was able to absorb the increase in spending under its trustee & benefits appropriation for FY 2007, but in FY 2008 the program implemented cost controlling measures by reducing all payments by 25% for treatment and services. This control measure did not fully contain increases in expenses incurred by crime victims, resulting in a carryover of payments to FY 2009. This request for trustee & benefits payments of \$450,000 from the dedicated fund and \$50,000 from federal funds in an ongoing increase.

Agency Request	0.00	0	450,000	50,000	500,000
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*The Governor recommends this supplemental as requested.*

Governor's Recommendation	0.00	0	450,000	50,000	500,000
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## Health Insurance Reduction

Agency Request	0.00	0	0	0	0
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*The Governor recommends reducing the funding for health insurance by \$500 per FTP, using reserves to offset the increased costs of health insurance for the state for FY 2009 and FY 2010.*

Governor's Recommendation	0.00	0	(70,800)	0	(70,800)
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## FY 2009 Total Appropriation

Agency Request	141.50	0	15,623,200	934,400	16,557,600
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Governor's Recommendation	141.50	0	15,552,400	934,400	16,486,800
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## Noncognizable Funds and Transfers

Split 0.5 FTP and transfer the FTP's from the Compensation Division to the Rehabilitation Division to add to existing part-time positions.

Agency Request	0.00	0	0	0	0
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Governor's Recommendation	0.00	0	0	0	0
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## FY 2009 Estimated Expenditures

Agency Request	141.50	0	15,623,200	934,400	16,557,600
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Governor's Recommendation	141.50	0	15,552,400	934,400	16,486,800
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## Removal of One-Time Expenditures

Agency Request	0.00	0	(227,900)	0	(227,900)
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Governor's Recommendation	0.00	0	(227,900)	0	(227,900)
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## FY 2010 Base

Agency Request	141.50	0	15,395,300	934,400	16,329,700
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Governor's Recommendation	141.50	0	15,324,500	934,400	16,258,900
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## Benefit Costs

Provides \$900 per position, which equates to a 10.4% increase for employer-paid health insurance. Also, includes a 19% reduction in life and disability insurance rates from 1.1% to 0.9% of salary for eligible employees.

Agency Request	0.00	0	120,300	100	120,400
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*The Governor recommends providing an increase of \$400 per FTP and making changes to the health insurance benefits contract to meet expected costs. Including the rescission to reduce health insurance benefit costs in FY 2009 by \$500 per FTP, employer costs per FTP for FY 2010 will be \$8,600.*

Governor's Recommendation	0.00	0	49,500	100	49,600
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# Industrial Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Inflationary Adjustments</b>					
Inflationary increases are calculated using the ongoing base for operating expenditures multiplied by an agency-specific inflation factor. The inflationary adjustment reflects a 14.8% increase in total funds. The requested amount includes \$68,800 for general inflation, \$1,105,300 for medical inflation and \$5,500 for contract inflation.					
Agency Request	0.00	0	910,100	269,500	1,179,600
<i>The Governor recommends \$10,100 for general inflationary increases for fuel costs, \$5,500 for contract inflation for office leases, and \$1,105,300 for medical inflation for T&amp;B payments in the Crime Victims Compensation Program.</i>					
Governor's Recommendation	0.00	0	851,400	269,500	1,120,900
<b>Replacement Items</b>					
Includes \$85,000 for a storage area network; \$36,000 for the Boise and Coeur d'Alene video conference systems; \$6,800 for 17 chairs; \$4,400 for two printers; \$1,800 for an LCD projector; \$7,000 for one server; \$9,600 for eight laptops; \$2,400 for three personal computers.					
Agency Request	0.00	0	153,000	0	153,000
<i>The Governor recommends one storage area network for \$85,000; a video conference system for \$36,000; five chairs for \$2,000; six notebook computers for \$7,200; two laptops for \$2,400; one LCD projector for \$1,800; one server for \$7,000; three personal computers for \$2,400; and two laser printers for \$4,400.</i>					
Governor's Recommendation	0.00	0	148,200	0	148,200
<b>Statewide Cost Allocation</b>					
The request includes adjustments to recover the costs of services provided to state agencies: \$42,400 for Attorney General fees; \$700 for property and casualty insurance premiums; \$6,300 for State Controller fees; \$2,200 for State Treasurer fees.					
Agency Request	0.00	0	51,600	0	51,600
Governor's Recommendation	0.00	0	51,600	0	51,600
<b>Change in Employee Compensation</b>					
Agencies were instructed to calculate a 3% salary increase in the appropriation request.					
Agency Request	0.00	0	200,100	100	200,200
<i>While increasing salaries of state workers continues to be a priority for the Governor, the current economic situation does not provide the funds to recommend an increase in FY 2010. When economic conditions improve, the Governor will once again seek to improve compensation for all state employees.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>FY 2010 Program Maintenance</b>					
Agency Request	141.50	0	16,830,400	1,204,100	18,034,500
Governor's Recommendation	141.50	0	16,425,200	1,204,000	17,629,200
<b>1. Video Conference System</b>					
Includes \$18,000 one-time funding for a video conference system in Pocatello. This line item allows the Commission to link up with Boise and Coeur d'Alene offices reducing travel costs. Currently, staff travels from Boise to conduct hearings, mediations, provide training, and perform employee reviews. The Commission expects travel expenditures to the region to decrease by at least 60% and have a full return on investment in three years time.					
Agency Request	0.00	0	18,000	0	18,000
<i>The Governor recommends this line item as requested.</i>					
Governor's Recommendation	0.00	0	18,000	0	18,000
<b>FY 2010 Total</b>					
Agency Request	141.50	0	16,848,400	1,204,100	18,052,500
Governor's Recommendation	141.50	0	16,443,200	1,204,000	17,647,200

# Industrial Commission

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<b>Budget by Decision Unit</b>	<b>FTP</b>	<b>General</b>	<b>Dedicated</b>	<b>Federal</b>	<b>Total</b>
Agency Request					
Change from Original App	0.00	0	1,675,200	319,700	1,994,900
% Change from Original App	0.0%		11.0%	36.1%	12.4%
Governor's Recommendation					
Change from Original App	0.00	0	1,270,000	319,600	1,589,600
% Change from Original App	0.0%		8.4%	36.1%	9.9%